



Reprinted
February 26, 2007

SENATE BILL No. 561

DIGEST OF SB 561 (Updated February 26, 2007 6:42 pm - DI 102)

Citations Affected: IC 36-8.

Synopsis: Public safety deferred retirement option plan. Permits a member of the 1977 police officers' and firefighters' pension and disability fund who retires because of a disability more than 12 months after the date the member enters the deferred retirement option plan (DROP) to choose whether to receive a retirement benefit calculated as if the member: (1) had never entered the DROP; or (2) exited the DROP on the date the member retires because of the disability.

Effective: July 1, 2007.

Mishler, Miller

January 23, 2007, read first time and referred to Committee on Pensions and Labor.
February 22, 2007, amended, reported favorably — Do Pass.
February 26, 2007, read second time, amended, ordered engrossed.

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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 561

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-8-8.5-12 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The retirement
3 benefit for a member who enters the DROP and retires on:

- 4 (1) the member's DROP retirement date; **or**
5 (2) **the date the member retires because of a disability as**
6 **provided under section 16.5(d) of this chapter;**

7 is determined under this chapter rather than under the provisions of the
8 applicable fund.

9 (b) A member who retires on the member's DROP retirement date
10 **or on the date the member retires because of a disability as**
11 **provided under section 16.5(d) of this chapter** may elect to receive
12 a retirement benefit in one of the following forms:

- 13 (1) A retirement benefit paid by and calculated under the
14 provisions of the applicable fund as if the member had never
15 entered the DROP.
16 (2) A retirement benefit paid by the applicable fund and
17 consisting of:

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- 1 (A) the DROP frozen benefit; plus
 2 (B) an additional amount, paid as the member elects under
 3 subsection (c), calculated by multiplying:
 4 (i) the amount of the DROP frozen benefit; by
 5 (ii) the number of months that the member was in the
 6 DROP.
- 7 (c) A member who chooses the retirement benefit described in
 8 subdivision (b)(2) must elect to receive the additional amount
 9 described in subdivision (b)(2)(B) as:
 10 (1) a lump sum paid on:
 11 (A) the member's DROP retirement date; or
 12 **(B) the date the member retires because of a disability as**
 13 **provided under section 16.5(d) of this chapter;** or
 14 (2) three (3) equal annual payments:
 15 (A) commencing on:
 16 (i) the member's DROP retirement date; or
 17 **(ii) the date the member retires because of a disability as**
 18 **provided under section 16.5(d) of this chapter;** and
 19 (B) thereafter paid on the anniversary of:
 20 (i) the member's DROP retirement date; or
 21 **(ii) the date the member retires because of a disability as**
 22 **provided under section 16.5(d) of this chapter.**
- 23 (d) In calculating a member's retirement benefit under this chapter,
 24 the applicable fund must use the lesser of:
 25 (1) the member's actual years of service; or
 26 (2) thirty-two (32) years of service.
- 27 (e) **Except as provided under section 16.5(d) of this chapter,** the
 28 retirement benefits for a member who exits the DROP for any reason
 29 other than retirement on the member's DROP retirement date are
 30 calculated under the provisions of the applicable fund as if the member
 31 had never entered the DROP.
- 32 SECTION 2. IC 36-8-8.5-13 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) A cost of living
 34 adjustment to the monthly benefit of a member of the 1925 fund, 1937
 35 fund, or 1953 fund is determined in STEP FOUR of the following
 36 formula:
 37 STEP ONE: Calculate a percentage by dividing:
 38 (A) the amount of any increase in the salary of a first class
 39 officer or firefighter, whichever is applicable; by
 40 (B) the prior year's salary of a first class officer or firefighter,
 41 whichever is applicable.
 42 STEP TWO: Add:

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(A) the member's DROP frozen benefit; and

(B) the amount of any prior cost of living adjustments calculated under this section.

STEP THREE: Multiply the percentage determined under STEP ONE by the sum determined under STEP TWO.

STEP FOUR: Add the product determined under STEP THREE to the sum determined under STEP TWO.

(b) A cost of living adjustment to the monthly benefit of a member of the 1977 fund is determined under the provisions of IC 36-8-8, as applied after:

(1) the member's DROP retirement date; or

(2) the date the member retires because of a disability as provided under section 16.5(d) of this chapter.

SECTION 3. IC 36-8-8.5-14, AS AMENDED BY P.L.51-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) Subject to subsection (b), a member who enters the DROP established by this chapter shall exit the DROP at the earliest of:

(1) the member's DROP retirement date;

(2) thirty-six (36) months after the member's DROP entry date; or

(3) the mandatory retirement age applicable to the member, if any; or

(4) the date the member retires because of a disability as provided under section 16.5(d) of this chapter.

(b) A member of the 1925 fund, the 1937 fund, or the 1953 fund who enters the DROP established by this chapter must exit the DROP on the date the authority of the board of trustees of the public employees' retirement fund to distribute from the pension relief fund established under IC 5-10.3-11-1 to units of local government (described in IC 5-10.3-11-3) amounts determined under IC 5-10.3-11-4.7 expires.

SECTION 4. IC 36-8-8.5-16.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 16.5. (a) This section applies to a member of the 1977 fund who becomes disabled after June 1, 2005, while the member is in the DROP, because of a disability that arose either in the line of duty or other than in the line of duty.**

(b) The retirement benefit for a member who retires because of a disability while in the DROP is determined under this chapter rather than under the provisions of the applicable fund. Determinations as to whether:

(1) the member is disabled; and

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1 (2) a disability is in the line of duty;
2 under this chapter are made under the provisions of the applicable
3 fund.

4 (c) If the member retires because of a disability less than twelve
5 (12) months after the date the member enters the DROP, the
6 benefits for the member are calculated under the provisions of the
7 applicable fund as if the member had never entered the DROP.

8 (d) If the member retires because of a disability at least twelve
9 (12) months after the date the member enters the DROP, the
10 benefits for the member are calculated under section 12 of this
11 chapter, and the member's retirement date is the date the member
12 retires because of a disability rather than the member's DROP
13 retirement date.

14 SECTION 5. IC 36-8-8.5-16 IS REPEALED [EFFECTIVE JULY
15 1, 2007].

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COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 561, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 6, delete "16.5" and insert "**16.5(d)**".

Page 1, line 11, delete "16.5" and insert "**16.5(d)**".

Page 2, line 13, delete "16.5" and insert "**16.5(d)**".

Page 2, line 18, delete "16.5" and insert "**16.5(d)**".

Page 2, line 22, delete "16.5" and insert "**16.5(d)**".

Page 2, line 27, delete "16.5" and insert "**16.5(d)**".

Page 3, line 13, delete "16.5" and insert "**16.5(d)**".

Page 3, line 24, delete "16.5" and insert "**16.5(d)**".

Page 3, line 35, delete "who retires after June 30, 2007," and insert "**of the 1977 fund who becomes disabled after December 31, 2005,**".

Page 4, delete lines 14 through 18.

Page 4, delete lines 21 through 42.

Page 5, delete lines 1 through 3.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 561 as introduced.)

KRUSE, Chairperson

Committee Vote: Yeas 7, Nays 0.

 SENATE MOTION

Madam President: I move that Senator Miller be added as second author of Senate Bill 561.

MISHLER

 SENATE MOTION

Madam President: I move that Senate Bill 561 be amended to read as follows:

Page 3, line 35, delete "December" and insert "**June**".

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Page 3, line 36, delete "31," and insert "1,".

(Reference is to SB 561 as printed February 23, 2007.)

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